

March 2008 Hybrid Market Dashboard

read more online at <http://www.hybridcars.com/market-dashboard.html>

Overview

Hybrid sales in March 2008 continued to defy gravity. In an overall vehicle market that shrunk by more than 12 percent compared to a year ago, sales of hybrids grew by more than 10 percent. The gains were not evenly spread. Ford and General Motors, as domestic automakers, are apparently suffering from not having enough hybrids to meet demand.

Sales of the Ford Escape Hybrid and Mercury Mariner Hybrid were down 18 percent and 34 percent respectively compared to last year. Media reports, and visitors posting to HybridCars.com, indicated that many buyers were turned away due to lack of inventory or high dealer premiums.

In 2006, Ford Motor Company abandoned Bill Ford's goal of selling 250,000 hybrids per year by 2010. The company dropped that goal after a few months of lackluster sales in 2006. But if the company had exhibited greater resolve, a willingness to lose money with each sale until economies of scale could be reached, and a plan to develop a domestic supply for hybrid batteries, then the Escape Hybrid might have become the Prius of SUVs.

Ford currently sources batteries from Sanyo in Japan. As a result, batteries—the most expensive component in a hybrid system—are coming at an increasing cost to Ford due to a weak dollar. GM also has battery woes. Cobasys, which supplies battery packs for Saturn hybrids and the Malibu Hybrid, was put on GM's distressed supplier list after the company was left with no operating budget for this fiscal year.

Meanwhile, hybrid versions of mainstream models, like the Civic, Camry, and Altima, did well in March. More details about this and sales numbers in our "Looking Forward" section below.

Looking Ahead

March sales numbers showed that hybrid versions of mainstream models—Camry, Civic and Altima—can perform quite well. If this trend continues, the need for hybrid-specific models might need to be reconsidered. The formula for success can be simplified: reasonably priced, decent gain in fuel economy, and a relatively new design. The Prius is still the engine pulling the hybrid train, but the engine is getting old and can't be expected to pull quite as hard as it used to.

The exchange rate may eventually cause problems for the Toyota Prius and other hybrid models manufactured overseas. If the dollar continues its decline, Toyota will be faced with a tough choice: accept slimmer margins on a popular vehicle, or increase MSRP and risk scaring away customers.

Since the US is the world's largest hybrid market, it makes sense that automakers consider locating more hybrid production and battery manufacturing to American shores.

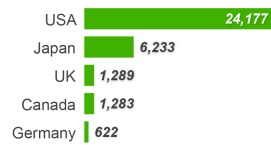
The weak dollar led Audi to cancel its hybrid plans. Given economic trends, it will be increasingly difficult for new players to enter the hybrid game.

Hybrid versions of mainstream models may start to dominate the hybrid market—given the need for automakers to produce hybrids in enough numbers to meet demand and to become profitable by achieving economies of scale.

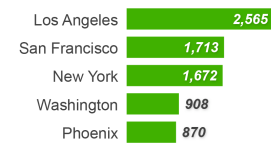
2008 global hybrid registrations



Top 5 global hybrid markets



Top 5 US hybrid markets



SOURCE: R. L. POLK & CO.

"Top 5 global hybrid markets" based on vehicle registrations January 2008.

and "Top 5 US hybrid markets" based on vehicle registrations January 2008.

US Sales

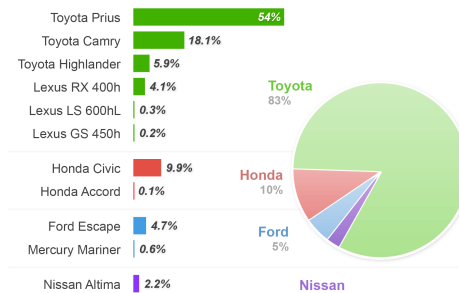
Our information is based on hybrid sales as reported by the manufacturers. For each model, this month's sales are shown compared to sales in the previous month and at the same time last year. We also examine hybrid market share by model and manufacturer. The historical sales graph for top-selling hybrid models shows final 2007 volumes with a 2008 forecast.

Hybrids sold in the U.S. (March 2008): **38,214**

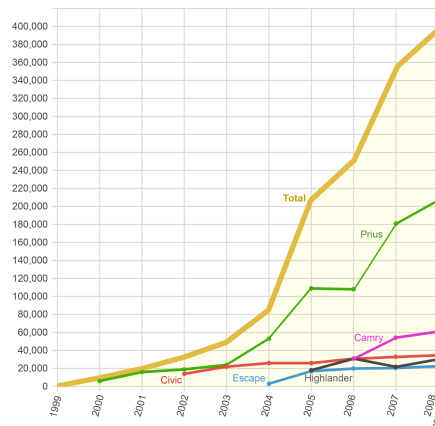
US Hybrid Sales for March 2008

Model	Units	vs. 2/08	vs. 3/07
Altima	832	57.3%	80.1%
Prius	20,635	89.4%	7.7%
Civic	3,769	108.5%	34.0%
Accord	53	26.2%	-86.2%
Camry	6,930	68.2%	34.7%
Highlander	2,239	15.5%	-10.5%
RX400h	1,570	36.8%	6.7%
GS450h	65	-15.6%	-64.1%
LS600hL	113	0.9%	n/a
Escape	1,782	18.1%	-18.2%
Mariner	226	-3.4%	-34.3%
All hybrids	38,214	70.3%	10.3%
All vehicles	1,357,281	15.4%	-12.0%

U.S. Hybrid Sales for March 2008 by Manufacturer and Model



U.S. Hybrid Market Sales (1999 – 2007 with 2008 forecast)



Regional Data

We present the data in two ways. First, we list the cities and states that boast the largest numbers of new hybrids on their roads within the past year. Second, we adjust for population and look at hybrids per person (in states) or per household (in metro areas). This lets us include cities like Portland, OR: a city that has fewer overall vehicles (and thus fewer hybrids) but has more hybrids per capita than anywhere else.

States with the Most Hybrid Sales

Rank	State	New Hybrids*
1	California	5,769
2	Florida	1,468
3	New York	1,433
4	Texas	1,223
5	Illinois	1,054

Most Popular States for Hybrids

Rank	State	New Hybrids per 1000 residents*
1	Washington DC	0.327
2	Arizona	0.167
3	California	0.160
4	Nevada	0.146
5	Hawaii	0.124
U.S. State Average		0.078

Cities with the Most Hybrid Sales

Rank	Metropolitan Area	New Hybrids*
1	Los Angeles	2,565
2	San Francisco	1,713
3	New York	1,672
4	Washington DC	908
5	Phoenix	870

Most Popular Cities for Hybrids

Rank	Metropolitan Area	New Hybrids per 1000 residents*
1	Portland, OR	0.882
2	San Francisco	0.727
3	Santa Barbara	0.615
4	Helena, MT	0.542
5	San Diego	0.524
U.S. Metro Area Average		0.161

*Registrations CYTD January 2008